HR Insights

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Supreme Court Cases That May Impact Employers in 2023

During its 2022-2023 term, the U.S. Supreme Court will hear and decide several cases that could have a significant influence on the workplace. Even though labor and employment laws and regulations change every year, the current Supreme Court term will likely have a greater impact on employers than previous terms. It can be difficult for employers to stay informed of these cases and their potential impacts on the workplace; however, it's vital that employers are aware of them and understand how their organizations may be affected.

This article highlights the topics in Supreme Court cases that may impact workplaces in 2023 to help employers prepare for potential changes and navigate the evolving labor and employment law landscape.

Overtime Exemptions

On Feb. 22, 2023, the Supreme Court held in *Helix Energy Solutions Group Inc. v. Hewitt* that employees must be compensated on a salary basis to qualify for the highly compensated employee overtime exemption under the Fair Labor Standards Act (FLSA). The case involved an oil rig worker who earned more than $200,000 per year and was paid daily rather than on a salaried basis. The employer claimed that the employee was exempt from overtime under the FLSA's white collar exemptions that apply to highly compensated employees. The Supreme Court disagreed, ruling that the FLSA plainly requires highly compensated employees to receive a salary; this requirement is not met when an employer pays an employee by the day.

It's unlikely that many employers will have to change their payroll policies and procedures for highly compensated employees in response to the ruling in this case. However, this decision is a clear signal that courts may require strict compliance with FLSA overtime exemptions. As a result, employers should review their exempt employee classification process to ensure they meet duty qualifications and salary requirements.

Religious Accommodations

Two cases in this term could affect religious accommodations in the workplace. The first is *303 Creative LLC v. Elenis*, which was heard on Dec. 5, 2022. This case challenges the public accommodation provision of Colorado's Anti-discrimination Act, which prohibits places of public accommodation, such as businesses, from denying services to individuals based on a protected characteristic (e.g., sexual orientation). In this case, the owner of a graphic design company wants to design wedding websites; however, she is opposed to same-sex marriage on religious grounds. The owner wants to deny services to LGBTQ customers and announce her intentions to do so on the company's website. The question raised in this case is whether a state can prohibit a business from denying services to customers on the basis of a protected characteristic when the denial is based on a religious belief. While this case does not directly affect employers, the Supreme Court's ruling could have employment-related ramifications regarding anti-discrimination policies and religious exemptions in employment.

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The second case is *Groff v. DeJoy*. This lawsuit was brought by a U.S. Postal Service mail carrier after being disciplined for refusing to work on Sundays due to religious reasons. The Postal Service argued that accommodating the employee would create an undue hardship on the organization and burden other employees by requiring them to work more weekends. Title VII of the Civil Rights Act (Title VII) requires covered employers to reasonably accommodate employees' sincerely held religious beliefs, including when an employee's religious observance conflicts with work requirements, unless doing so would create an undue hardship on the employer. There is no statutory definition of "undue hardship" under Title VII; however, the Supreme Court held in *Trans World Airlines Inc. v. Hardison* that requiring an employer to bear more than a "de minimis cost" is considered an undue hardship when accommodating an employee's religious beliefs.

The Supreme Court's ruling in *Groff* could significantly limit an employer's ability to deny employee requests for religious accommodations even if those requests burden the employer. Additionally, during the COVID-19 pandemic, many employers saw an increase in employee requests for religious accommodations, such as being excused from vaccine mandates. A Supreme Court ruling expanding religious accommodations for employees that applies retroactively could create significant operational challenges for employers. Oral arguments on this case are scheduled for April 18, 2023.

Affirmative Action

On Oct. 13, 2022, the Supreme Court heard oral arguments on two cases brought by the activist group Students for Fair Admissions addressing affirmative action in university admissions. These cases will likely be the most consequential cases the Supreme Court will decide this term in terms of altering existing legal precedent.

In *Students for Fair Admission Inc. v. President & Fellows of Harvard College* and *Students for Fair Admissions Inc. v. University of North Carolina*, the Supreme Court will review the legality of considering race in university admissions for private and public institutions. In doing so, the court will reconsider its 2003 decision of *Grutter v. Bollinger*, which allows universities to consider race—among other factors—in university admissions because diversity in education is a legitimate aim. Students for Fair Admissions is asking the Supreme Court to overrule this existing legal precedent, claiming it discriminates against Asians and whites based on their race.

While the Supreme Court's ruling in these cases will likely not directly affect employers, it could impact workplace diversity, equity, inclusion and belonging initiatives, including the ways organizations promote and implement them in the future as well as employer affirmative action programs.

National Labor Relations Act

On Jan. 10, 2023, the Supreme Court heard oral arguments in *Glacier Northwest Inc. v. International Brotherhood of Teamsters Local Union No. 174*. This case will determine whether the National Labor Relations Act (NLRA) preempts a common law state tort claim against a labor union for intentionally destroying an employer's property during a labor dispute. Glacier Northwest sells ready-mix concrete, and during collective bargaining agreement negotiations in August 2017, its drivers went on strike for a day without providing notice. As a result, concrete that had already been mixed for delivery was wasted.

Under the NLRA, workers' right to strike is protected; however, they must take reasonable precautions to protect their employer's property from foreseeable hazards resulting in sudden work stoppages. In the past, the Supreme Court has ruled that the NLRA preempts state law claims. If the Supreme Court rules in favor of Glacier Northwest, it could establish legal precedent making it easier for employers to sue and recover damages from labor unions that damage an employer's property during a labor strike.

Employer Takeaway

These cases' rulings could have major impacts on employers, altering established labor and employment laws and workplace practices. Being aware of these cases and their potential effects on workplaces can help employers prepare and feel confident in their abilities to navigate any changes.

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